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Statement of the Honorable Bob Bergland,  
Secretary of Agriculture  
before the  
Committee on International Relations,  
U.S. House of Representatives  
March 22, 1977

Mr. Chairman and Members of the Committee:

It is a pleasure, and I appreciate the opportunity, to comment on the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, as amended, which expires December 31st of this year.

Public Law 480, referred to also as the Food for Peace program, has been amended extensively over the years both to meet United States policy and objectives, and to meet changing conditions and situations on the international scene.

The basic intent, purpose and general criteria established by the Congress for P.L. 480 are of highest merit. However, changed events and circumstances have direct impact on some provisions of the law, with the result that particular provisions have become restrictive.

Not only is commodity movement hampered, but self-help goals are inhibited. In addition, it is my opinion that some administrative procedures could be carried out more efficiently.

I propose, Mr. Chairman, that the existing legislation be amended so that our operation of the foreign food assistance programs under P.L. 480 be less cumbersome, more administratively practical, more meaningful to U.S. objectives, and more responsive to recipient nations' needs.

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I recommend an extension of P.L. 480, with necessary modification.

Currently, section 111 of P.L. 480 requires that at least 75 percent of Title I commodities be allocated to countries with a per capita gross national product (GNP) of \$300 or less, based on World Bank data.

I propose that section 111 be amended to provide that the poverty criterion used to determine basic eligibility be the levels established for the World Bank's International Development Association (IDA) credits.

With retention of the \$300 limit, Mr. Chairman, it is our opinion that it will be almost impossible to plan a Title I program for Fiscal Year 1978 that will meet the 77/25 allocation requirement.

The World Bank updates its IDA poverty criterion periodically, and recently increased this level from a per capita GNP of \$375 to \$520 (in 1975 U.S. dollars) to account for inflation between 1973 and 1976.

The IDA list is internationally recognized, is reviewed periodically by an international institution, and provides an accepted poverty criterion. We believe it would provide a firm and useful basis for allocating Title I commodities to the poorer nations and more effectively implement the intent of section 111.

We are also recommending that provision be made in section 111 for waiving the 75-25 percent requirement with respect to the allocation of commodities when the President certifies to Congress that the quantity of commodities which would otherwise be required to be allocated to countries in the 75 percent category could not be used therein effectively to carry out the humanitarian purposes of Title I.





At present, the only basis for varying from the 75-25 percent requirement on the initial allocation is a certification by the President to Congress that the food commodities were needed for humanitarian purposes in a country falling within the 25 percent category.

I propose that the annual maximum allocation for Title II be increased from \$600 million to \$750 million.

This adjustment would make it possible for the United States to be more responsive to humanitarian needs of less developed and developing nations. It would greatly assist in meeting the objectives of the United Nations and other international food assistance entities, as stated at the World Food Conference.

The \$750 million level would be adequate, in our opinion, to meet requirements up to 1.5 million metric tons, particularly with the authority to carry over the prior year's unused funds.

I propose a specific amendment that would permit the Commodity Credit Corporation (CCC) to be reimbursed at the export market price for Government-owned commodities made available under Title II.

Export market prices of commodities, such as non-fat dry milk and peanut oil, are substantially below CCC's acquisition costs under the farm price support program.

To reimburse CCC at its higher acquisition cost would reduce the quantity of commodities which could otherwise be made available with funds allocated for Title II. Therefore, less expensive commodities are substituted.

Inability to make the CCC owned commodities available under Title II means continued increases in CCC inventories of commodities to be stored at Government, and taxpayer, expense, and precludes fullest use of these nutritional





and needed commodities. The proposed change in reimbursement of CCC would facilitate the use of price support inventories in the Title II program.

I propose that the criteria to be followed in determining the availability of commodities be amended to provide a basis for making commodities available in times of limited supplies so as to meet natural disaster needs and multi-year commitments to foreign nations for humanitarian food need.

This is considered prudent and practical to enable parameters to be set for long-range planning by participant nations, to meet objectives for world food planning, and to permit more fine-tuning of U.S. requirements and commitments.

In conclusion, Mr. Chairman, I would point out that it is my opinion that the intent and purpose of P.L. 480 would be best met with the proposals I am submitting.

As such, the overall program would serve as a viable device to aid people who need help in such a way that they can help themselves. It would be an integral part of world food strategy. It would compliment my proposed policy and programs for domestic farm programs. It would clarify and up-date many provisions of the Act to respond to present demands and situations, and provide a sound basis to move into aiding the future development of food production and marketing needs of developing nations.

I would welcome, Mr. Chairman, any question you or members of the Committee may have.

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